GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:3575
ANSWERED ON:17.04.2000
COMPETITIVE PRICING REGIME FOR STD CALLS
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Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether there is a demand for providing of telecom services at cheaper rates;

(b) if so, the details thereof;

(c) whether STD calls would be priced at cheaper rates during non-peak and peak hours;

(d) if so, whether the existing equipment and STD lines do not operate at full capacity during a major part of the day;

(e) if so the reasons therefore;

(f) whether the Government propose to introduce a more competitive pricing regime for STD calls;(g) if so, the details thereof; (h) the additional revenue likely to be collected therefrom; and (i) the steps proposed to be taken by the Government to study the possible correlation between lower priced STD calls and total revenue?

Answer

MINISER OF STATE FOR COMMUNICATIONS (SHRI. TAPAN SIKDAR)

(a)&(b).Representations, from Public and Consumer Organizations to reduce the rates of telecom services are received from time to time. The power to fix tariff for telecom services has since been vested in the Telecom Regulatory Authority of India by virtue of Sec. 11(2) of the TRAI Act, 1997.

(c) STD rates have been reduced by around 20% from 1st May 1999.In addition concessional rates already exist during the off-peak hours.
(d) & (e) The STD equipment is designed to handle the peak hour traffic. However, the traffic during a 24 hour cycle varies due to the 4 tier tariff structure and subscribers needs. During some part of day and the late night hours when the traffic is slack, circuits do not carry traffic up to their full capacity. This, however, is a normal feature in practically all telecom networks of the world.
(f), (g) & (h).The TRAI in their tariff order have given flexibility to the operators to offer alternative tariff packages to their subscribers within the ceilings prescribed. In a way this itself introduces an element of competition in pricing of STD calls.However, as explained in answer to (c) above, the question of additional revenue does not arise.

(i) As per the information available so far, the reduction of STD charges has decreased the revenue instead of increasing it thereby indicating absence of positive elasticity between lower priced STD calls and total revenue.